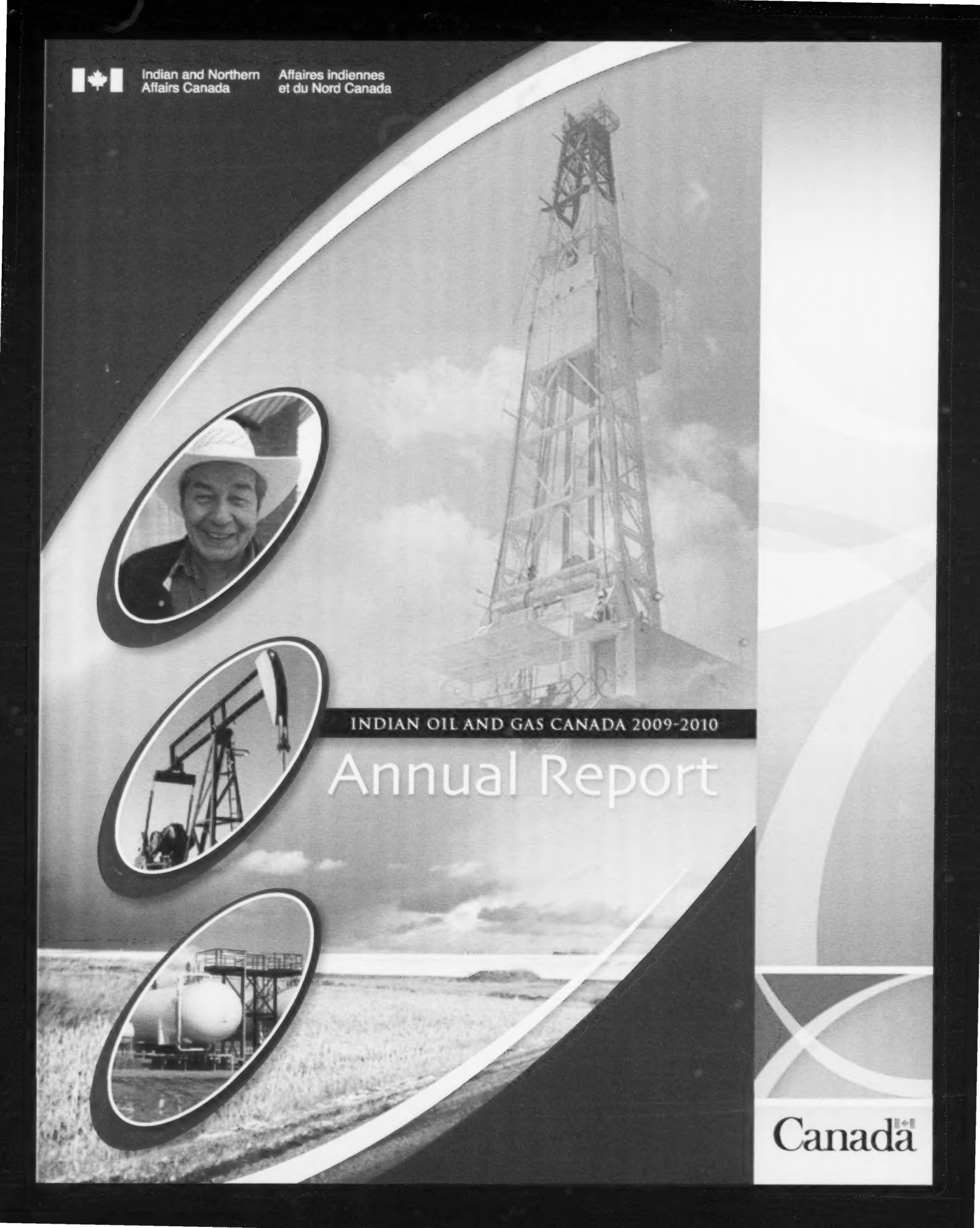

Indian and Northern Affairs Canada
Affaires indiennes et du Nord Canada
INDIAN OIL AND GAS CANADA 2009-2010
Annual Report
Canada

Published under the authority of the Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians Ottawa, 2010

www.ainc-inac.gc.ca
1-800-567-9604
TTY only 1-866-553-0554

QS-9003-015-EE-A1
Catalogue: R1-5/2010E-PDF
ISBN: 978-1-100-17061-9

© Minister of Public Works and Government Services Canada

Cette publication est aussi disponible en français sous le titre :
Rapport annuel 2009-2010 de Pétrole et Gas des Indiens du Canada

Table of Contents

Message from the CEO 1

Overview of IOGC 4

History of IOGC and Related Legislation 4

Statutory Authorities 4

IOGC Co-Management Board 5

Our Roles and Responsibilities 5

Life Cycle of Oil and Gas Agreements 6

Map of Canada Showing Indian Reserves 8

Key Initiatives 10

Modernization of the Indian Oil and Gas Act and Regulations 10

Renewal of the Resource Information Management System (RIMS) 11

Automation of Interest with Accounts Receivable System 12

IOGC Response to Alberta New Royalty Formula 13

Implementation of the First Nations Oil and Gas and Moneys Management Act (FNOGMMA) 13

Operations 15

Overview 15

Issuance and Administration of Subsurface Agreements 15
- New Dispositions 15
- Lease Continuances 16

Drilling and Recompletions of Wells 18
- More about Horizontal and Directional Wells 19

Environmental Stewardship 20
- Applications for Surface Oil and Gas Activity 20
- Ongoing Monitoring of Oil and Gas Operations 20
- Surrender of Surface Agreements after Cessation of Operations 20

Production of Oil and Gas 21
- Oil 21
- Gas 22
- Offset Production 23
- Review of Provincial Notices 24

Royalties 24
- Royalty Administration 24
- How are royalties calculated? 25
- Revenue Forecasting 26
- Prices 26

Human Resources at IOGC 28

Financial Operations 2009-2010 30

Message from the CEO

I look back on fiscal year 2009-2010 with pride and a solid sense of accomplishment. Our employees once again rose to the challenge of responding to a rapidly changing environment while making excellent progress in both our operations and our major change initiatives. I am confident that with the continued focus and enthusiasm of our staff, Indian Oil and Gas Canada (IOGC) will attain its vision of being a modern regulator in all aspects of our business.

Development of heavy oil resources dominated new activity on First Nation reserve lands during the fiscal year, with most of the 170 wells drilled targeting heavy oil resources. Gas prices have been very low since the economic slowdown and are expected to remain low for some time. These low prices have resulted in a dramatic shift in the royalties that IOGC collects on behalf of First Nations. More than half the royalties in fiscal year 2009-2010, or 61 per cent, were from oil while the large majority of royalties in previous years were from gas. Revenues from oil are expected to comprise the majority of royalties collected on behalf of First Nations for the next few years at least.

Overall gas production continued its downward trend with a 6.3 per cent reduction over 2008-2009 levels while there was a 50 per cent increase in oil production over the same timeframe. Despite these production levels, low prices, especially gas prices, resulted in a significant decrease in moneys collected during 2009-2010: only 126.0 million, down almost 50 per cent from the previous year.

We continued our outreach efforts to First Nations, industry and government this past year as well. One of our ongoing activities involves sending information packages, along with an offer for an introductory meeting with IOGC, to all newly elected Chief and Councils. Additionally, we have ongoing operational meetings with many First Nations and we proactively participate in relevant industry, First Nation and government workshops, meetings and conferences.

During fiscal year 2009-2010, we increased work related to Treaty Land Entitlement (TLE) as IOGC received additional monetary resources for this work. We were able to significantly reduce the TLE administration backlog and, at a higher level, we also looked into the TLE replacement

agreement process to see what improvements might be possible. During this time, we established several critical contacts among the parties in the process.

We were pleased to participate in preliminary meetings related to upcoming negotiations of TLE claims in British Columbia. The meetings involved IOGC, the province of BC, the five BC Treaty 8 First Nations having the TLE claims, Canada and several oil and gas industry experts. IOGC will provide technical and other expertise to all parties, if requested.

After years of work to modernize the *Indian Oil and Gas Act* and Regulations, an *Act to Amend the Indian Oil and Gas Act* finished its passage through Parliament and received Royal Assent on May 14, 2009.

Work on our key initiatives continued in fiscal year 2009-2010 and yielded some excellent results. After years of work to modernize the *Indian Oil and Gas Act* and Regulations, an *Act to Amend the Indian Oil and Gas Act* finished its passage through Parliament and received Royal Assent on May 14, 2009. We are grateful for the support of the Indian Resource Council and its members in the passage of this bill. We are currently updating the *Indian Oil and Gas Regulations*; the Act will come into force when the Regulations are modernized. A closely related key initiative is the renewal of IOGC's Resource Information Management System (RIMS), which was planned as part of the implementation associated with the modernized Act and regulations. During the fiscal year, we grouped both these key initiatives into one overarching project called MARS (Modern Act, Regulations and Systems).

Our key initiative regarding implementation of the oil and gas option of the *First Nations Oil and Gas and Moneys Management Act* (FNOGMMA) came to a close. The agreements under which the three pilot First Nations were operating had termination dates of January 31, 2010. None of these First Nations held ratification votes by that date and thus their participation in the initiative ended and IOGC resumed full control of their oil and gas resources. Had ratification votes been held, positive results would have allowed the First Nations to opt into FNOGMMA and obtain full management and control of their oil and gas resources and moneys. Other work related to FNOGMMA during fiscal year 2009-2010 included a required program review, which resulted in a number of recommendations for FNOGMMA implementation. A Management Response and Action Plan was prepared and IOGC is awaiting decisions on the plan and future direction of FNOGMMA.

Our other key initiatives included land statutory obligations; the automation of interest with an accounts receivable system; and IOGC's response to Alberta's New Royalty Framework.

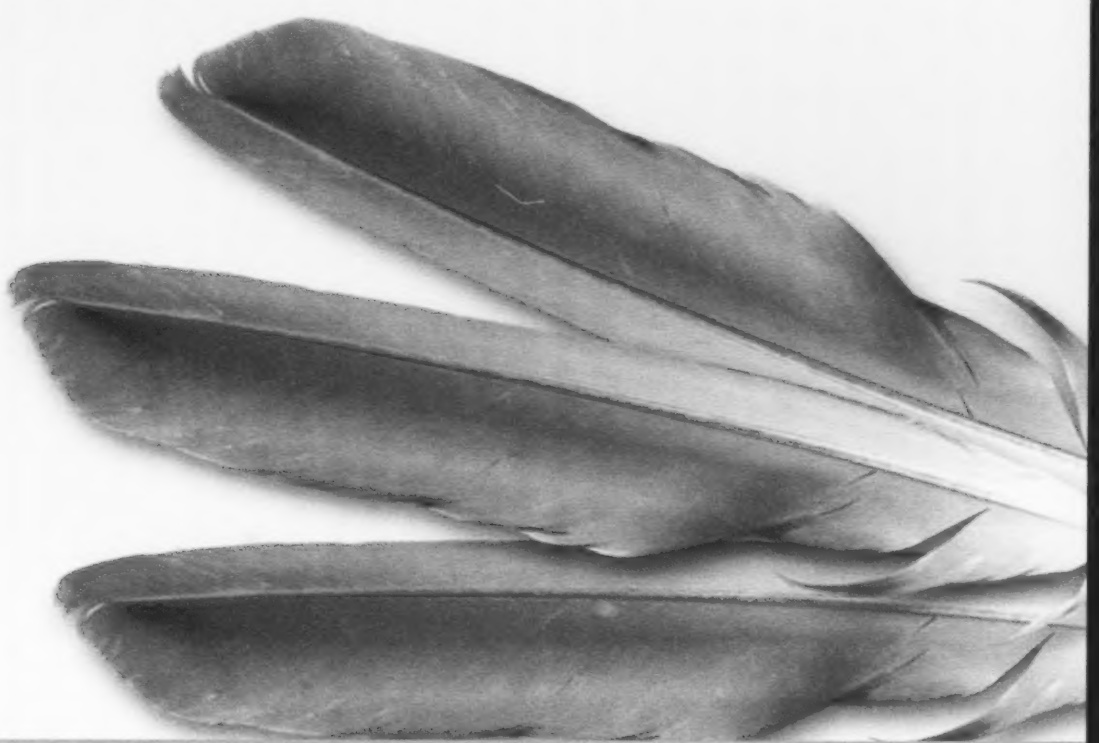
IOGC's Co-Management Board continued to provide their advice regarding our initiatives, projects and operations. With the majority of members from First Nations, our Board ensures that we have current and high-level First Nation perspectives related to our business. During fiscal year 2009-2010, in addition to the regular quarterly meetings of the Board, a Board retreat visioning exercise was held that provided guidance on the review and clarification of our mandate.

During fiscal year 2009-2010, we spent a considerable amount of time on Management of Change, recognizing that our larger change initiatives need the full support of our employees to achieve maximum success. As part of the process, we clarified our Modern Regulator vision and held regular all staff meetings to communicate our vision, and our change agenda.

The other endeavour on which we spent a considerable amount of time was what we refer to as our Office Refresh. Since the mid-1990s, our offices have been located in the Chief Joseph Big Plume Building on Tsuu T'ina Nation lands. The current lease for this office space is ending and a new lease for the same space has been put in place, effective January 1, 2011. Lease renewal provides an opportunity to undertake renovations. Due to the age and condition of the office environment, refreshing the office space was necessary. We have been working closely with Public Works and Government Services Canada on this project and, for about four months during fiscal year 2010-2011, we will be temporarily moving our offices to the Sam Livingston Building on the south side of downtown Calgary while our Tsuu T'ina offices are undergoing the needed renovations. We are looking forward to our return to our Tsuu T'ina offices, which will include new workstations, fresh paint, carpeting, and upgraded data, electrical and voice lines, among other things.

2009-2010 was a year of important change for IOGC, not only in terms of business initiatives and market conditions, but also for our people. Even so, our commitment and dedication to our First Nation clients is unwavering. I am proud of our employees and their willingness to embrace the changes that are now happening within our organization, as well as the change that is still to come. This positive approach and dedication can only bode well for the work we do, and for our relationships with First Nations people and their communities. We look forward to the challenges and opportunities ahead.

Strater Crowfoot
Chief Executive Officer and Executive Director



The Department of Indian Affairs and Northern Development is entrusted with fulfilling various legal obligations of the federal government to Aboriginal peoples as outlined in treaties...

Overview

History of IOGC and Related Legislation

The Government of Canada has a broad mandate relating to Indian affairs, which is derived largely from existing legislation and legal obligations arising from section 91(24) of the *Constitution Act, 1867*. The Department of Indian Affairs and Northern Development is entrusted with fulfilling various legal obligations of the federal government to Aboriginal peoples as outlined in treaties, the *Indian Act* and other legislation. Included in this obligation is the management of natural resources on Indian lands, including oil and gas.

Oil and gas development on First Nation reserve lands has been legislated since 1974 under the *Indian Oil and Gas Act* and, before that, under the *Indian Act*. In 1977, the *Indian Oil and Gas Regulations* were revised and brought under the *Indian Oil and Gas Act* from the *Indian Act*. The Regulations were revised again in 1995.

In 1987, Indian Oil and Gas Canada was established, replacing Indian Minerals West, as a dedicated branch within the Department of Indian Affairs and Northern Development to manage oil and gas development and to further First Nation initiatives to manage and control their resources. In 1993, Indian Oil and Gas Canada was affirmed as a Special Operating Agency to increase its client focus.

Statutory Authorities

We operate in accordance with provisions of the *Indian Oil and Gas Act* and the *Indian Oil and Gas Regulations, 1995*.

We also operate in accordance with associated federal legislation including provisions of the *Indian Act*, *Canadian Environmental Assessment Act*, the *Financial Administration Act* and other relevant legislation.

IOGC Co-Management Board

Indian Oil and Gas Canada (IOGC) operates under the direction of a Chief Executive Officer/Executive Director who participates as a member of the Board of Directors. The Board was established in 1996 by the signing of a Memorandum of Understanding (MOU) between the Minister of Indian Affairs and the Indian Resource Council (IRC) to co-manage IOGC operations. The Board focuses on areas of collective interest such as IOGC issues, policies, plans, priorities and resources.

There are up to nine members on the Board. The Board is made up of the IRC Chair and five other members appointed by the IRC plus three members appointed by the Crown. The Crown members are the Assistant Deputy Minister of Lands and Economic Development at Indian and Northern Affairs Canada; the CEO and Executive Director of IOGC; and an industry representative. Two members of the IOGC Co-Management Board, the Chair of the IRC and the Assistant Deputy Minister of Lands and Economic Development, serve as co-chairs. At the end of the fiscal year, the co-chairs were Councillor Errnol Gray of the Aamjiwnaang First Nation in Ontario, the Chair of the IRC, and Ms. Sara Filbee, the Assistant Deputy Minister.

The IRC is a First Nation organization that represents more than 130 First Nations nationally with oil and gas interests.

Our Roles and Responsibilities

Indian Oil and Gas Canada is a special operating agency within Indian and Northern Affairs Canada. We are responsible for managing and regulating oil and gas resources on First Nation reserve lands across Canada.

Our operations are co-managed by IOGC's Co-Management Board, which includes First Nations and Crown members. We currently manage the oil and gas resources of more than 50 First Nations with active oil and gas agreements. All funds collected on behalf of First Nations are placed in their trust accounts; in fiscal year 2009-2010, we collected over $126 million on behalf of First Nations. These funds demonstrate the large potential that oil and gas development has to improve the participation of First Nations in the Canadian economy.

Our main functions are to assist First Nations that have designated reserve lands in the oil and gas process, as follows:

- Negotiate, issue and administer agreements with oil and gas companies;
- Conduct environmental screenings;
- Monitor oil and gas production and sales prices;
- Verify/assess and collect moneys such as bonuses, royalties and rents; and
- Ensure legislative and contract requirements are met.

We work closely with a First Nation's Chief and Council: their approval is required for all deals.

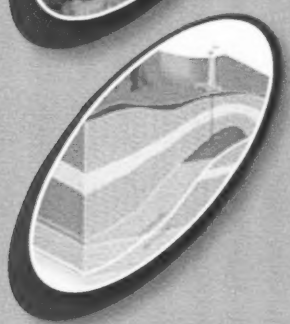
More information on our functions may be found on our website, www.iogc-pgic.gc.ca.

Life Cycle of Oil and Gas Agreements on First Nation Reserve Lands

1. Land for Leasing

Prior to leasing, IOGC confirms reserve title to the land and verifies that the lands are designated, which allows IOGC to manage the First Nation's oil and gas resources.

Land at Halfway River First Nation, British Columbia.



2. Subsurface Agreements

Subsurface agreements provide companies with rights to drill and to produce oil and gas. IOGC assists the First Nation to negotiate agreements with companies and also ensures fair returns before IOGC and the First Nation approve the agreement. IOGC drafts, issues and administers the agreements and collects bonuses, royalties and rents from companies on behalf of the First Nation.

Drawing of a well drilled into a subsurface formation. Courtesy of Centre for Energy (formerly Petroleum Communications Foundation).

3. Seismic Programs

Exploratory licences provide companies with surface access to conduct seismic activity. A company must submit an environmental assessment, as part of the exploratory licence application, to IOGC and the First Nation. IOGC collects compensation for the exploratory work from companies on behalf of the First Nation.

Drilling rig for seismic shot holes at Big Island Lake Cree Territory, Saskatchewan.

4. Surface Agreements

Surface agreements provide companies with the right to construct surface facilities such as well sites and access roads or to install pipelines. A company must submit an environmental assessment, to IOGC and the First Nation, with their surface lease or right-of-way application. IOGC ensures that environmental protection standards are met before IOGC and the First Nation approve the agreement. Additionally, companies must conduct ongoing environmental monitoring during construction and operation phases. IOGC administers the agreements and collects initial considerations and annual rents from companies on behalf of the First Nation.

Construction of surface site on Bigstone Cree Nation lands, Alberta.

5. Drilling Wells

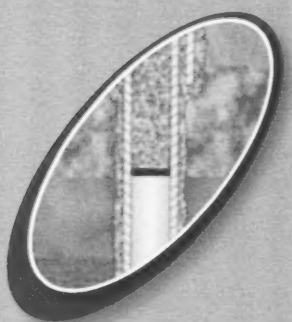
A company must have a surface lease, submit a provincial well licence to the First Nation and IOGC, and notify the First Nation and IOGC prior to drilling. IOGC collects drilling information from companies for statistics and other purposes, such as helping with IOGC's interpretation of the geology under the reserve.

Drilling rig on Stoney Nation lands, Alberta.

6. Production

IOGC monitors and evaluates all aspects of oil and gas production from drilling to abandonment, such as monitoring offset drilling and ensuring proper measurement and production reporting. IOGC ensures that production occurs in a sound environmental manner and that royalties are calculated accurately, including auditing prices and deductions. IOGC collects royalties on behalf of the First Nation.

Oil tanks at O'Chiese First Nation, Alberta.



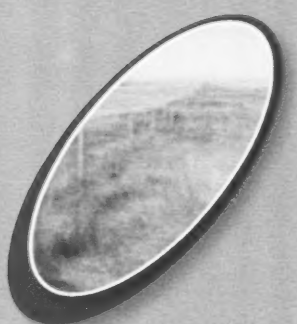
7. Well Abandonment

A company requires written permission from IOGC in consultation with the First Nation to abandon a well. IOGC checks the well for additional production possibilities.

Simplified drawing of cement plug in abandoned wellbore. Not to scale.

8. Surrenders of Subsurface Agreements

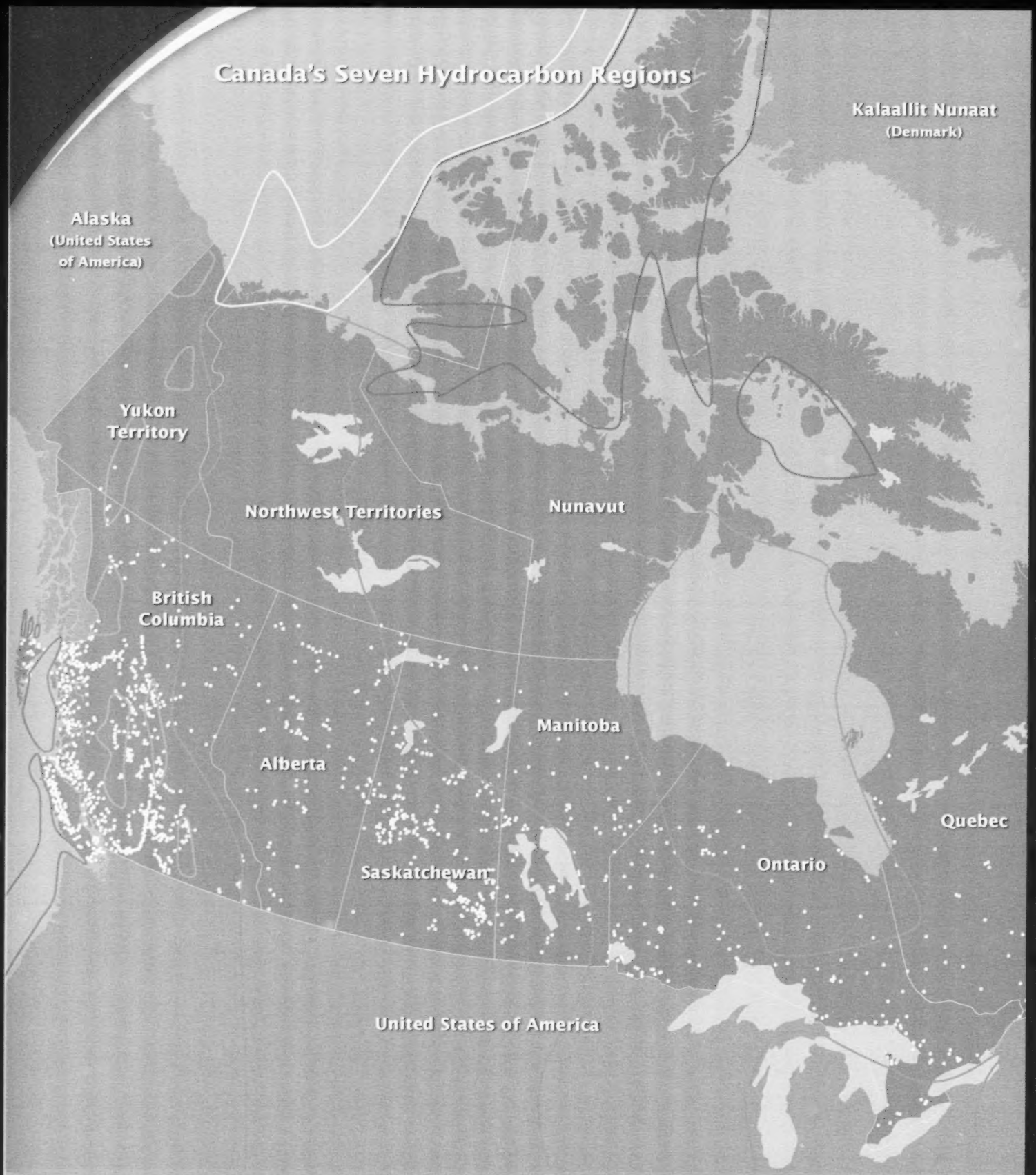
IOGC reviews all surrender requests in consultation with the First Nation. IOGC will process and execute the surrender, provided that the company is not in default of anypart of the Regulations or the lease on First Nation reserve lands.

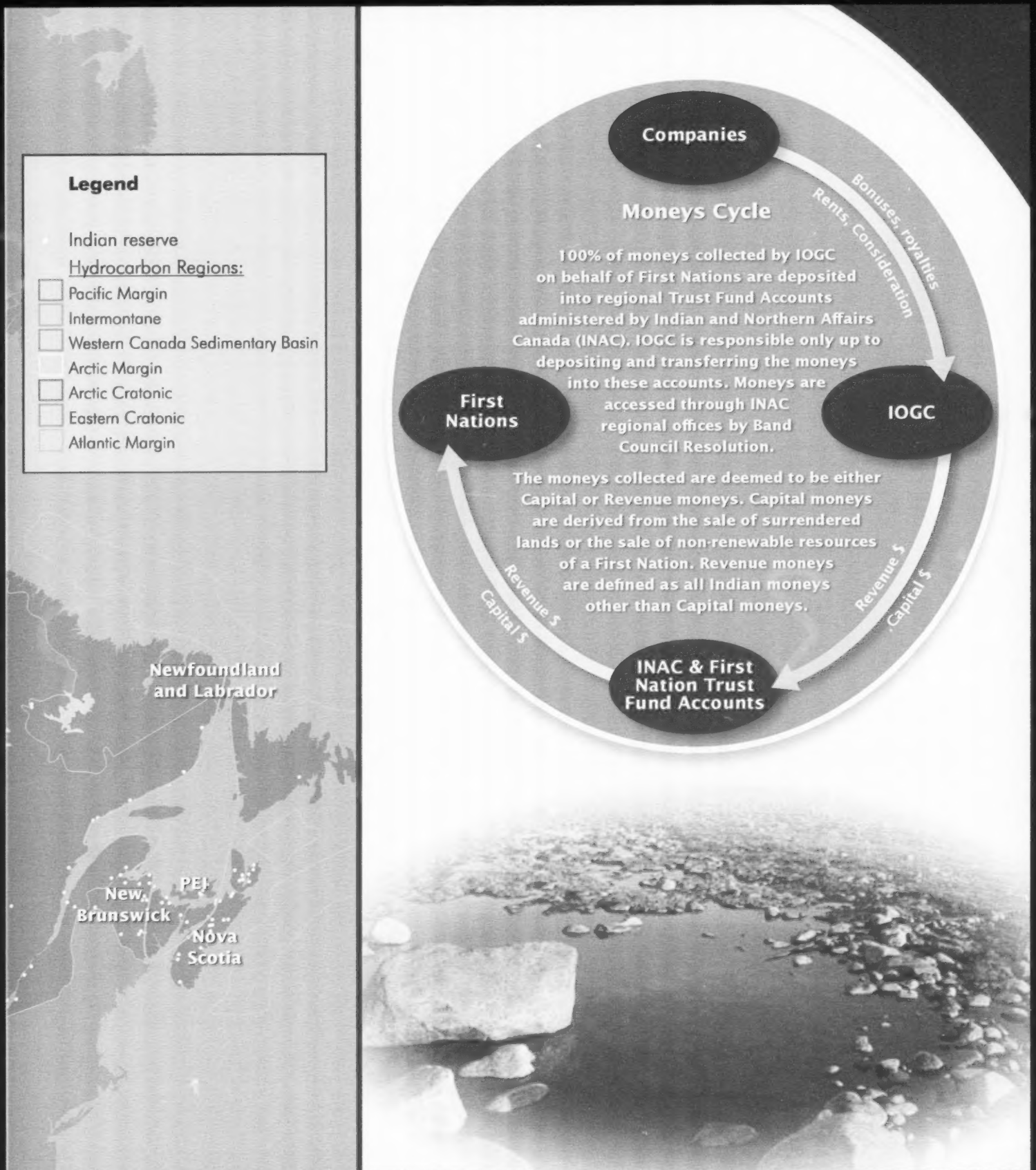


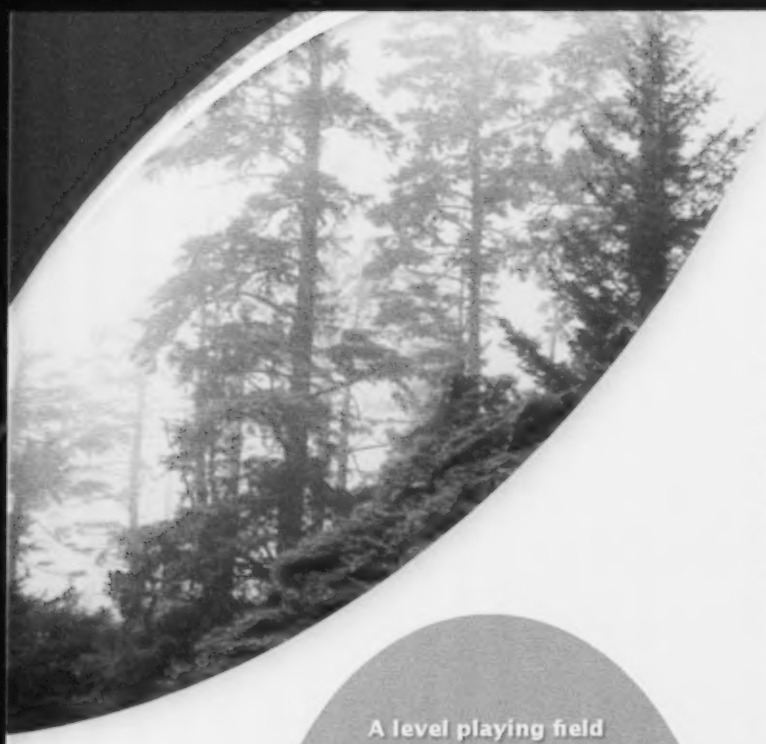
9. Surrenders of Surface Agreements (Remediation and Reclamation)

Before IOGC will consider a surface surrender, companies must abandon any wells, remove any facilities, conduct remediation if necessary and reclaim the area. The surrenders of surface agreements are approved by IOGC following confirmation, by inspection with the First Nation, that reclamation is satisfactory.

Reclaimed site of former access road on Siksika Nation lands, Alberta.


Canada's Seven Hydrocarbon Regions
Kalaallit Nunaat
(Denmark)
Alaska
(United States
of America)
Yukon
Territory
Northwest Territories
Nunavut
British
Columbia
Manitoba
Alberta
Quebec
Saskatchewan
Ontario
United States of America


Legend
Indian reserve
Hydrocarbon Regions:
Pacific Margin
Intermontane
Western Canada Sedimentary Basin
Arctic Margin
Arctic Cratonic
Eastern Cratonic
Atlantic Margin
Companies
Moneys Cycle
100% of moneys collected by IOGC on behalf of First Nations are deposited into regional Trust Fund Accounts administered by Indian and Northern Affairs Canada (INAC). IOGC is responsible only up to depositing and transferring the moneys into these accounts. Moneys are accessed through INAC regional offices by Band Council Resolution.
Bonuses, royalties
Rents, Consideration
First Nations
IOGC
The moneys collected are deemed to be either Capital or Revenue moneys. Capital moneys are derived from the sale of surrendered lands or the sale of non-renewable resources of a First Nation. Revenue moneys are defined as all Indian moneys other than Capital moneys.
Revenue $
Capital $
Revenue $
Capital $
INAC & First Nation Trust Fund Accounts
Newfoundland and Labrador
New. Brunswick
PEI
Nova Scotia



A level playing field will reduce barriers to economic development and will allow the federal government to better fulfill its obligation to manage oil and gas resources on First Nations lands.

Key Initiatives

Modernization of the Indian Oil and Gas Act and Regulations

Background

Modernizing the *Indian Oil and Gas Act* and its associated regulations is intended to level the playing field between off-reserve and on-reserve oil and gas activities. A level playing field will reduce barriers to economic development and will allow the federal government to better fulfill its obligation to manage oil and gas resources on First Nations lands.

The proposed changes provide solutions to two specific problem areas. First, they respond to immediate needs related to the day-to-day management of First Nation oil and gas resources by modernizing the current regime. Second, enhancements to Governor-in-Council regulation-making powers would facilitate the continuous improvement of the regime in response to industry and technology advances.

Status

After years of development, an *Act to Amend the Indian Oil and Gas Act*, which was reintroduced in the House of Commons in January 2009, finished its passage through Parliament. It received Royal Assent on May 14, 2009 and will come into force when the *Indian Oil and Gas Regulations* are completed. The core areas for change addressed in the amendments to the Act are regulation-making powers, audit powers, limitation period for actions to collect amounts owing, determination of royalty payments, a comprehensive enforcement system comprised of fines and penalties, a remedy for trespass, environmental protection, and authority to issue replacement leases for lands added to reserve.

Work to modernize the *Indian Oil and Gas Regulations* began after passage of the legislative amendments. Development of modernized

regulations is proceeding in modules, of which nine have been identified so far. By the end of fiscal year 2009-2010, IOGC had prepared initial drafts for five modules.

The Joint Technical Committee #1 (JTC #1), which includes both First Nation and federal crown members, was directly involved in the process to draft the changes to the Act. Their continuing participation ensures a meaningful level of involvement for First Nations in the modernization of the regulations. Additionally, outreach with First Nations will expand to include individual First Nations with oil and gas production or the potential for production, Tribal Councils, the Indian Resource Council Board and the IOGC Co-Management Board.

The involvement of the Indian Resource Council and its members has been crucial to the process of modernizing the IOG Act and Regulations and we are grateful for their support.

IOGC anticipates that amended regulations will be ready for broad consultation with First Nations, industry and provincial governments in 2011.

Renewal of the Resource Information Management System (RIMS)

Background

IOGC's Resource Information Management System (RIMS) is our operational database that stores information regarding all surface and subsurface agreements, Indian interest wells and royalty entities. It is also a financial system for both land and royalty transactions, including performing calculations of royalties owing to First Nations. It is critical to our operations.

The modernization of RIMS has been planned as part of the operational implementation associated with the modernization the *Indian Oil and Gas Act* and regulations. RIMS was initially developed in the early 1990s and, over the years, many modifications and enhancements have been made to adjust to changing industry practices and also as part of ongoing business improvements. However, much of its underlying data architecture must be modified to reflect current industry practices. Given the large number of anticipated changes coming as a result of our legislative and regulatory modernization, significant investments must be made to renew RIMS.

When a new Director of Strategic Projects position was created in fiscal year 2008-2009, the incumbent was given responsibility to oversee the renewal of RIMS and the key initiative to renew RIMS was launched. As part of the renewal, we will be considering new functionalities, including geographic information system (GIS) developments, work flow management, and increased communications with First Nations regarding their oil and gas transactions.

Status

The proposed project to renew RIMS is extensive and, as such, it is a joint initiative between IOGC and the Information Management Branch of Indian and Northern Affairs Canada. Projects of this magnitude are controlled by a staged project management methodology with approvals required at each stage before proceeding. Several stages require seeking approval from Treasury Board who will determine whether the project can advance and also approve funding.

So far, we have completed a strategic assessment of the proposed project and developed a project approach. We are currently in the initial stages of planning for the development of a business case that will be submitted to Treasury Board for approval of the project.

One of our findings during the strategic assessment is that it may be beneficial to incorporate into RIMS the data architecture model of the Professional Petroleum Data Management Association (PPDM), which is evolving to an industry standard. The existing RIMS data model was developed prior to the creation of the PPDM model.

During fiscal year 2009-2010, we grouped this key initiative with the initiative to modernize the *Indian Oil and Gas Act* and regulations. For fiscal year 2010-2011, the modernization of RIMS will be reported under the Informatics Enhancements project plan of the overall project MARS (Modern Act, Regulations and Systems).

Automation of Interest with Accounts Receivable System

Background

Indian Oil and Gas Canada (IOGC) collects moneys on behalf of First Nations relating to the exploration and production of their oil and gas. Moneys collected fall into the broad categories of land and royalty, with land moneys including things such as bonuses, initial considerations and annual rentals. Royalty moneys are collected on the production of First Nation oil, gas and gas products.

Interest has been collected on late moneys by preparing letters advising companies of outstanding amounts and interest required pursuant to the *Interest and Administrative Charges Regulations*.

We are automating the collection of interest on the late payments of these First Nation trust funds by implementing an accounts receivable system within IOGC's Resource Information Management System (RIMS). The project has been split into two phases, land development and royalty development. Development of the land statement system and monthly distribution of land statements showing interest charges commenced in May 2006.

Status

During 2009-2010, further improvements were made in the land area to enable increased automation including: the development of five procedures manuals to provide clarification and more comprehensive documentation of business rules and processes; the ability to make immediate interest adjustments corresponding to event adjustments; and the automatic release of interest on principal at the same time as the release of the principal from suspense. We also implemented the automatic generation of Direction to Comply letters and sent more than 300 such letters during the fiscal year. Finally, we implemented automatic tracking and reporting of outstanding land amounts.

Within the development of the royalty statement subsystem, we improved business processes for the allocation of royalty moneys. We also developed royalty structure tables for the royalty statements. Moreover, we continued preparing royalty data for expanded implementation of the automatically generated royalty statement: at fiscal year end we were sending monthly royalty statements to 16 company/band combinations and will add more as additional royalty data is confirmed.

IOGC Response to Alberta New Royalty Formula

Background

Many of the royalty structures used by First Nations in Alberta are based on those of the Alberta government for reasons of competitiveness and harmonization and have been affected by Alberta's New Royalty Formula (AB NRF). The AB NRF, announced on October 25, 2007, made significant changes to the Alberta royalty regime applicable to oil, gas and crude bitumen effective January 2009. Our analysis indicated that about 70% of royalties on First Nations lands in Alberta were based on the Alberta provincial structure at that time. The AB NRF affects more than 200 active subsurface leases with IOGC, 40 First Nation reserves, and 55 royalty payors.

Numerous other changes to the Alberta royalty framework were announced both before and after the January 2009 implementation date. Some of these modifications constitute what IOGC deems special incentives, and thus are not be applicable to royalty calculations for First Nations. Alberta has announced that this framework will be superseded by a new mechanism effective January 2011; these new changes are outside the scope of this initiative.

Status

This key initiative was introduced in fiscal year 2008-2009, during which time we began making changes to allow us to implement the AB NRF for affected royalty entities. We identified areas in our implementation of the AB NRF where it would be beneficial to use our own calculation methodologies rather than exact Alberta methodologies. In February 2009, we held industry information sessions regarding our implementation of the Alberta royalty changes and effects on IOGC's reporting requirements for industry. Affected First Nations were also informed of the changes.

During fiscal year 2009-2010, we made changes to our Resource Information Management System (RIMS) that will enable the conversion of royalty structures for affected royalty entities. At year end, we were testing the changes and expect testing to be completed in the first quarter of fiscal year 2010-2011. After completion of this testing, we will convert the royalty structures for these entities to enable the automatic calculation of royalties based on the AB NRF.

The remaining implementation of this project will be completed within IOGC's Production Division and this key initiative in its current form has ended.

Implementation of the First Nations Oil and Gas and Moneys Management Act (FNOGMMA)

Background

The First Nations Oil and Gas and Moneys Management Initiative, formerly known as the Pilot Project, was launched in 1994 with the aim of enabling several interested First Nations to assume control and management of their oil and gas resources. Over the past decade, the Blood Tribe, Siksika Nation and White Bear First Nation have each been working closely with IOGC to develop their capacity in order to assume control and management of their oil and gas resources.

During capacity development, key findings and complex issues arose which indicated that if the complete transfer of oil and gas resource management to First Nations was to be successful, new enabling legislation would be needed. The three First Nations were full participants in the design of the two-part optional legislation, the *First Nations Oil and Gas and Moneys Management Act* (FNOGMMA).

The first part of FNOGMMA enables a First Nation to assume management and control of oil and gas exploration and exploitation currently carried out on its behalf by Indian Oil and Gas Canada (IOGC), plus control of the future moneys generated by the oil and gas activity. The second part enables a First Nation to receive and manage all moneys that are held, or that otherwise would be held on their behalf, by Canada. A First Nation may opt into either one or both of the parts.

FNOGMMA, which received royal assent on November 25, 2005, came into force on April 1, 2006. There are two Regulations attached to the Act to establish rules and procedures for FNOGMMA implementation. Voting Regulations, which came into force on October 19, 2006, relate to conducting a First Nation membership vote and to Canada's authorization of a First Nation's opting-in to FNOGMMA. Environmental Regulations, which came into force on January 24, 2008, relate to the roles and responsibilities of conducting environmental assessments on reserve lands subject to FNOGMMA.

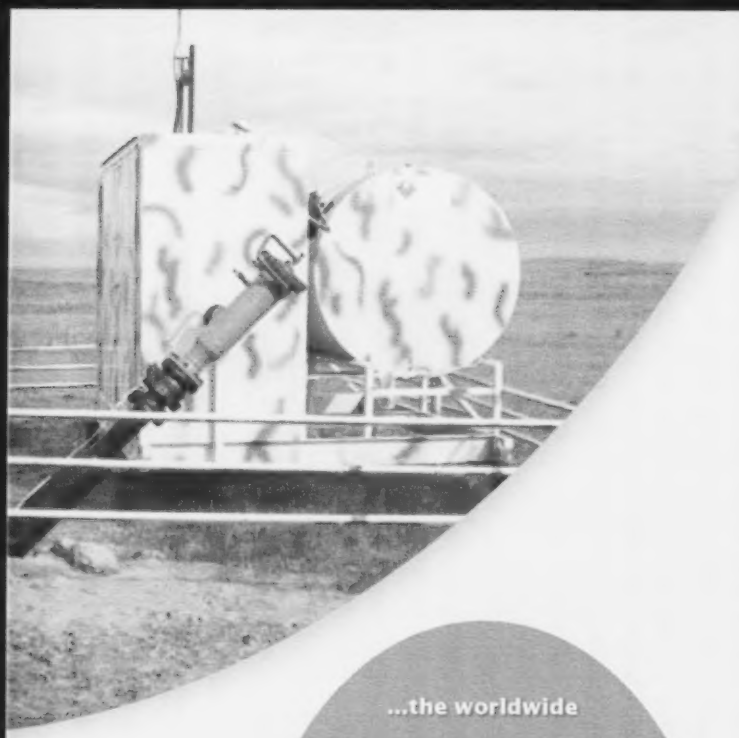
Status

The enhanced co-management agreements, under which the three pilot First Nations were participating, had a final termination date of January 31, 2010. In order to proceed with opting into FNOGMMA, the pilot First Nations needed to hold their votes by this date as the end of January 2010 marked the end of the Pilot Project phase of the initiative. None of the First Nations held their vote, and thus their participation in the initiative ended. IOGC has resumed sole management and control of all oil and gas activities on their reserve lands.

During fiscal year 2009-2010, the FNOGMMA initiative underwent a required program evaluation. Results of the evaluation recommended several modifications to the program, including the feasibility and future direction of the oil and gas management option of FNOGMMA. IOGC has developed a management response and action plan regarding the recommendations and is awaiting confirmation of future direction. Once future direction has been confirmed, IOGC will take appropriate actions in line with the confirmed direction.

In previous fiscal years, IOGC developed entrance criteria and a FNOGMMA implementation policy to allow other interested and qualified First Nations to opt into the oil and gas management option of the legislation. Although several First Nations have expressed interest in the oil and gas management option, at this time it is unavailable pending confirmation of the future direction of the oil and gas management option of FNOGMMA.

The moneys management option was opened up to other interested First Nations in June 2008 through the Indian Moneys Estates and Treaty Annuities Directorate of Indian and Northern Affairs Canada.



...the worldwide economic downturn had resulted in sharp declines in markets and prices. The industry outlook for oil and gas was less certain than for previous years and companies reduced their planned capital expenditures.

Operations

Overview

At the beginning of the fiscal year, the economic outlook was cautious as the worldwide economic downturn had resulted in sharp declines in markets and prices. The industry outlook for oil and gas was less certain than for previous years and companies reduced their planned capital expenditures. Many companies, including the small and medium-sized producers with which IOGC works, experienced difficulty in raising investment capital.

Since then, oil prices have returned to higher and more typical levels and industry invested in oil resources. This greater oil investment was reflected on First Nation lands, with almost all new activity focused on the development of oil resources. Conversely, gas prices continued to drop this fiscal year and reached low levels not seen since 2002. As a result, the gas royalties received by First Nations dropped substantially, and investment in gas resources was extremely low.

The number of Indian reserves with oil and/or gas production decreased slightly to 65 from the previous fiscal year's total of 69. The reserves where the production ceased each had only one or two wells, which reached the end of their productive lives.

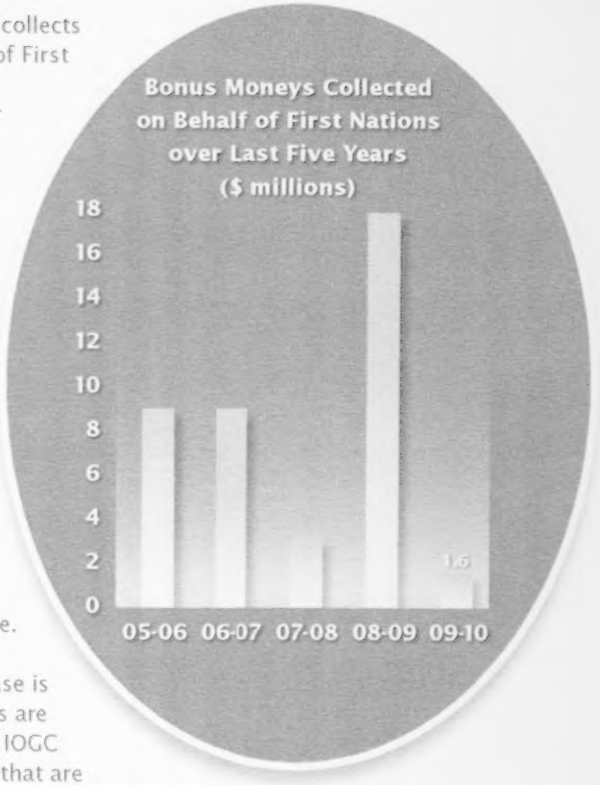
Issuance and Administration of Subsurface Agreements

New Dispositions

Dispositions of oil and gas rights on Indian reserve lands are done through subsurface agreements, which provide companies with rights to drill and to produce oil and gas. IOGC assists First Nations to dispose of their oil and gas rights through the granting of subsurface agreements, including helping to negotiate these agreements with companies and ensuring fair returns for First Nations.

Number of Indian Reserves with Oil and/or Gas Production During FY2009-2010		
Province	**Treaty Area**	**Number of Indian Reserves**
	6	24
Alberta	7	6
	8	15
British Columbia	8	2
	2	2
Saskatchewan	4	1
	6	15
TOTAL		**65**

IOGC drafts, issues and administers the agreements and collects bonuses, royalties and rents from companies on behalf of First Nations. Bonuses are received from the issuance of new subsurface agreements, and tend to fluctuate from year to year since they are derived from a small number of large transactions.



During fiscal year 2009-2010, there were 18 new negotiated dispositions that were initiated, comprised of 5 permits and 18 leases. At the end of the fiscal year, IOGC was administering 699 subsurface agreements with a total of about 414,000 hectares of subsurface area.

Lease Continuances

During fiscal year 2009-2010, IOGC completed continuation reviews for 194 leases, for which about 58,000 hectares of lands were continued and about 33,000 hectares were terminated. A lease continuance application is requested prior to the expiry date of a lease.

The decision to continue or not to continue lands in a lease is a technical decision made by IOGC, of which First Nations are notified as per the *Indian Oil and Gas Regulations, 1995*. IOGC reviews the rights in a lease and continues those rights that are producing or deemed capable of producing oil and gas in paying quantities.

Negotiated Subsurface Permits Initiated from April 2009 through March 2010*

First Nation	Company	Area Disposed (hectares)
Alexis Nakota Sioux Nation (AB)	Alexis Band Oil & Gas Corp.	3,371.84
Beaver Lake Cree (AB)	Kanatan Energy Inc.	5,322.08
Frog Lake (AB)	Frog Lake Energy Resources Corp.	11,976.21
Loon River Cree (AB)	Harvest Operations Corp.	1,047.58
White Bear (SK)	Wabimusqua Oil and Gas Limited	11,064.28
TOTAL		**32,781.99**

* A total of 996.57 hectares of permit lands were converted to 2 leases during fiscal year 2009-2010.

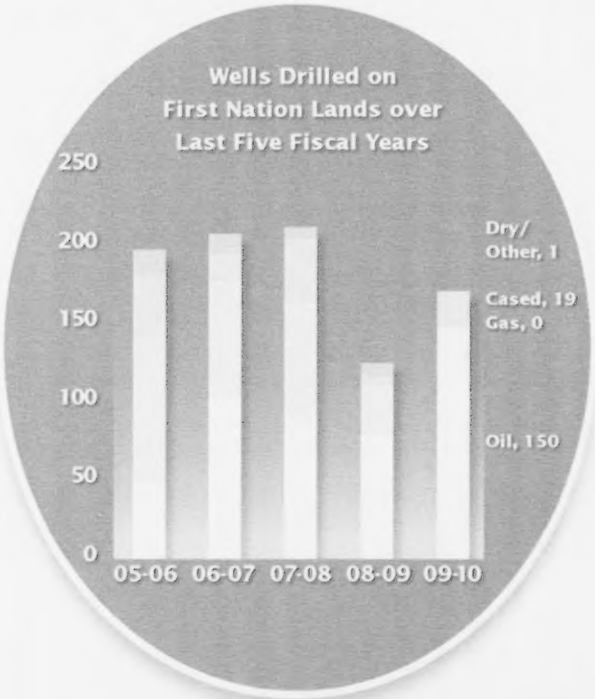
Negotiated Subsurface Leases Initiated from April 2009 through March 2010

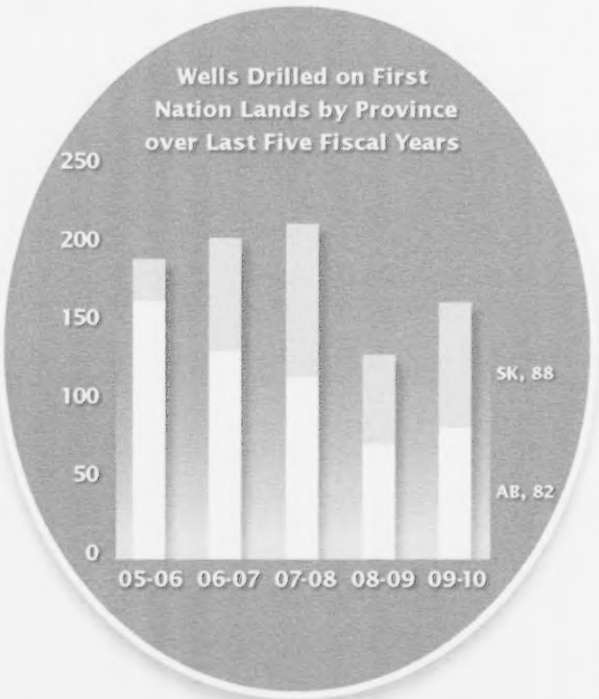
First Nation	Company	Area Disposed (hectares)
Alexander (AB)	Petro-Reef Resources Ltd.	108.80
Alexis Nakota Sioux Nation (AB)	Pengrowth Corporation	125.70
Cold Lake First Nations (AB)	Daylight Energy Ltd.	2.77
	Husky Oil Operations Limited	4.86
	Tri-Rez Oil & Gas Production Ltd	1,536.00
Enoch Cree Nation (AB)	Penn West Petroleum Ltd.	944.00
Flying Dust (AB)	Flying Energy Inc.	385.64
Kehewin Cree Nation (AB)	Kehewin Resources Ltd.	3,440.70
Little Pine (SK)	Blue Hill Energy Inc.	386.65
Loon River Cree (AB)	1451637 Alberta Ltd.	958.70
Louis Bull (AB)	Mogl Corp.	768.00
Paul (AB)	Jayhawk Resources Ltd.	512.00
	Spartan Exploration Ltd.	192.00
TOTAL		**9,365.82**

Drilling and Recompletions of Wells

Companies spent more than $73 million to drill 170 new wells on First Nation reserve lands during fiscal year 2009-2010. Virtually all of these wells were targeting oil resources, which is a change from several years ago when the majority of drilling was targeting gas. Companies are not currently going after gas resources because gas prices are so low that it is difficult for a gas well to generate enough revenue to pay for its cost of drilling and cover operating expenses.

Another change is that, in each of the last two fiscal years, slightly more than half of the wells drilled on First Nation lands were in Saskatchewan. In previous years, the majority of First Nation wells drilled were in Alberta. Compared to Alberta, Saskatchewan has more unexplored land and undeveloped oil and gas resources. Oil and gas activity in Saskatchewan has been steadily increasing for a number of years as Alberta's oil and gas industry matures and companies also look elsewhere for new opportunities.





Effects of Alberta's New Royalty Framework on Drilling

Another factor influencing some companies to drill in Saskatchewan was the Alberta government's 2007 New Royalty Formula initiative. In this initiative, the Alberta government changed oil and gas royalty structures effective January 2009, which often made the economics of oil and gas development in Saskatchewan more attractive. Many First Nations use royalty structures that are based on provincial structures for reasons of competitiveness, so the Alberta government changes may have impacted oil and gas activity on some First Nation lands. Since the initial introduction of these royalty changes, the Alberta government has introduced a number of incentives, credits and other changes to counteract "unintended consequences".

Most of the wells drilled on First Nation lands were development of heavy oil plays requiring high drilling density. Often, four wells per legal subdivision (LSD) are being drilled, generally by directional or horizontal drilling from one site. (A LSD is a square area, 16 hectares or 40 acres in size, and is part of the Dominion land survey system by which well locations are identified.) During fiscal year 2009-2010, more than 80 percent of the wells drilled on First Nation lands employed either directional or horizontal drilling technology.

Besides drilling new wells, companies can recomplete existing wells to produce from new zones. In fiscal year 2009-2010, companies recompleted 18 wells in new productive zones.

Drilling and well recompletions resulted in the creation of 165 new production entities during fiscal year 2009-2010. As of March 31, 2010, IOGC was administering more than 2700 production entities.

More about Horizontal and Directional Wells

Over the last couple decades, advances in directional drilling and horizontal well technology have allowed companies to increasingly employ these technologies to the production of oil and gas. Since the late 1980s, companies have been drilling horizontal wells, but only recent advancements have allowed companies to drill a number of horizontal offshoots from one wellbore.

When compared with a vertical well, a horizontal well has much greater contact with the target formation and can produce at much greater rates and recover a much larger percentage of the oil or gas resources in a pool. A horizontal orientation also allows fracturing jobs to be performed at several points in the horizontal segment to increase production and recovery. In formations with very low permeability, horizontal wells can economically recover the hydrocarbons even though the cost of drilling a horizontal well is substantially higher than that of a vertical well.

At one First Nation in Saskatchewan, two horizontal wells extended underneath both First Nation and provincial Crown lands. IOGC, in consultation with the First Nation, signed a production sharing agreement to split the production between the First Nation and provincial Crown.

Horizontal wells can also be used as injectors. In heavy oil projects, steam is injected into horizontal wells. There are parallel horizontal wells drilled to produce the heavy oil.

Many directional or horizontal wells can be drilled from one surface site, which is located to minimize impacts on plants, wildlife, communities and the land. The environmental impacts of other supporting activities are also reduced, as fewer roads and pipelines are required to serve the wells when they are drilled from one site.

A horizontal well has both vertical and horizontal sections of a wellbore, where the horizontal section is drilled within a target formation. From the surface, a horizontal well is initially drilled vertically to a certain depth and then the wellbore is curved until it reaches the target formation for the horizontal segment. Additional offshoots or "legs" can be drilled from the horizontal segment to produce a variety of configurations. Horizontal wells can be drilled for either producing or injecting.

Environmental Stewardship

IOGC provides environmental stewardship for the complete life cycle of upstream oil and gas activities on First Nation reserve lands.

Applications for Surface Oil and Gas Activity

During fiscal year 2009-2010, we received 130 applications for surface oil and gas activities and reviewed the included environmental assessments. As a result of the economic downturn, the number of applications is down about half from fiscal year 2007-2008, when we received 256 applications.

Before we grant approval to a company to conduct a surface oil and gas activity, we review the company's application, which must contain an environmental assessment. The types of activities that require environmental assessments include exploratory or seismic work, drilling for oil and gas, flow lines, service wells, remediation and access roads. We ensure that potential environmental impacts are mitigated before IOGC and the First Nation approve the application.

Additionally, we register project applications, upon their receipt, into the Canadian Environmental Assessment Registry pursuant to the *Canadian Environmental Assessment Act* (CEAA). The Registry aims to help the public find information and records related to current environmental assessments (EA) and provides timely notice about the start of an EA and opportunities for public participation.

Ongoing Monitoring of Oil and Gas Operations

After construction of surface facilities and sites, we monitor industry compliance with environmental requirements during their operation. We review the environmental audits that companies are required to submit regularly and also perform field inspections where necessary.

During fiscal year 2009-2010, we received only 105 environmental audits out of a total of 238 audits expected to be submitted to IOGC by December 31, 2009, meaning that 133 environmental audits were not received. The corresponding companies were each sent a direction to comply to submit the outstanding audits by August 31, 2010.

IOGC received another 508 environmental audits that were past due. IOGC reviewed all 641 environmental audits that were received by December 31, 2009. As part of our ongoing monitoring and inspection program, we conducted 67 inspections at active sites, comprised of 65 well sites and two rights-of-way.

Surrender of Surface Agreements after Cessation of Operations

After operations of a surface facility or site have ceased, companies must abandon wells, remove facilities, conduct remediation if necessary and reclaim the area. We will approve the surrenders of surface agreements following confirmation, by inspection with the First Nation, that reclamation is satisfactory.

In total, IOGC has 462 sites in various stages of reclamation, ranging from sites where the well has been abandoned but reclamation has not yet started, to sites that are in the final stages of remediation and reclamation. Each year, companies apply to IOGC for a reclamation inspection. Based on the applications received, 15 inspections were completed.

New Environmental Audit Management Program Yields Results

To ensure that IOGC meets its responsibilities under the CEAA, IOGC has developed an Environmental Audit Management Program. A key element of this program involved modifications to IOGC's Resource Information Management System (RIMS) to allow us to track the status of environmental audits and annual progress on compliance. Our goal is to ensure all companies are in compliance with required audit submissions.

As a result of the new program, we initiated an automated Direction to Comply process in January 2010. We identified 133 instances where we had not received the required 2009 audits and we sent out automatically-generated Direction to Comply letters in February 2010 to obtain them. We gave until August 31, 2010 for submission of the overdue 2009 audits so that there is a growing season when the audit can be properly conducted without snow cover on the ground.

Additionally, we received 508 past-due audits, or those that were due in years prior to 2009. Combined with the 105 2009 audits received, and 28 audits which were received for leases that do not have an audit requirement, IOGC received a total of 641 audits, of which 227 were deemed not in compliance.

The non-compliance issues ranged from weeds, staining and general "housekeeping" issues to improper handling of log decks. We are asking companies to resolve these non-compliance issues by August 31, 2010, otherwise we will send Direction to Comply letters advising companies that they may lose their leases unless they comply within the required timeframe.

IOGC Environmental Service Standards and Results in Fiscal Year 2009-2010

Task	Service Standard	No. of Applications	Results
Review of environmental assessments	Review completed within four weeks of receipt of an environmental assessment	130	96%*
Register projects into the Canadian Environmental Assessment Registry	Projects are entered into Registry within one day of receipt of the application	130	100%
Review of environmental audits	Review completed by March 31 for those audits due by December 31 of the previous year	105	100%

* The instances in which this service standard was not met involved either: consulting with other federal government departments (including Fisheries and Oceans Canada, Environment Canada and Parks Canada); or assessments related to the issuing of leases on First Nation lands not yet designated for oil and gas exploitation.

Production of Oil and Gas

IOGC monitors and evaluates all aspects of oil and gas production from drilling to abandonment. We monitor offset drilling and ensure proper measurement and production reporting.

Oil

During the fiscal year, the volume of oil production from First Nation lands increased about 50 percent from the previous year to 1,100 cubic metres, the highest level ever. This production volume illustrates the fact that companies have been concentrating on the development of oil resources and have drilled many oil wells in the last two years, oil wells that are now producing. Heavy oil continues to comprise the majority of oil production, with most of the oil wells drilled over the last several years targeting heavy oil resources.

Looking at the provincial breakdown of the total oil production, we see that fiscal year 2009-2010 is the first year that more than half the oil production from First Nation lands has been in Saskatchewan. This result is to be expected since more than half of the wells drilled on First Nation lands over the last fiscal years were in Saskatchewan. Oil production from Saskatchewan more than doubled from the previous fiscal year while Alberta saw a slight increase.

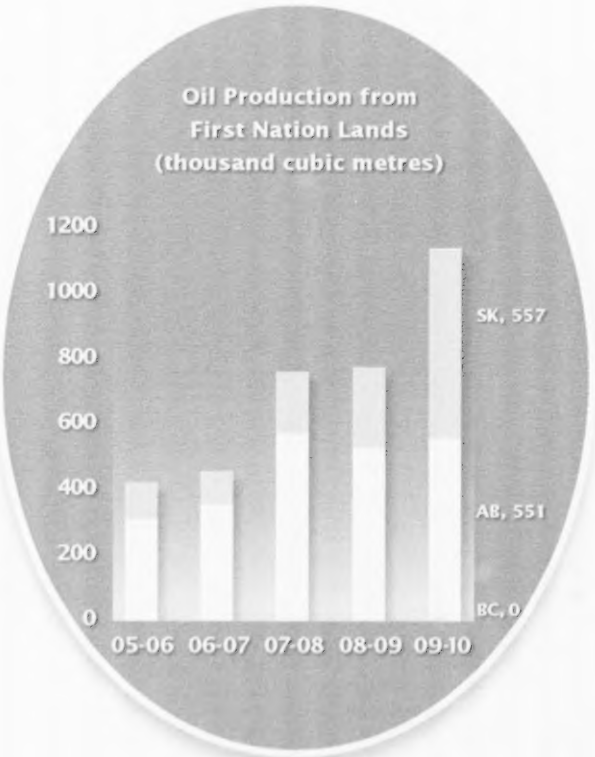
Oil production occurred from 32 Indian reserves during the fiscal year, with almost half of the oil production coming from the lands of just one First Nation.

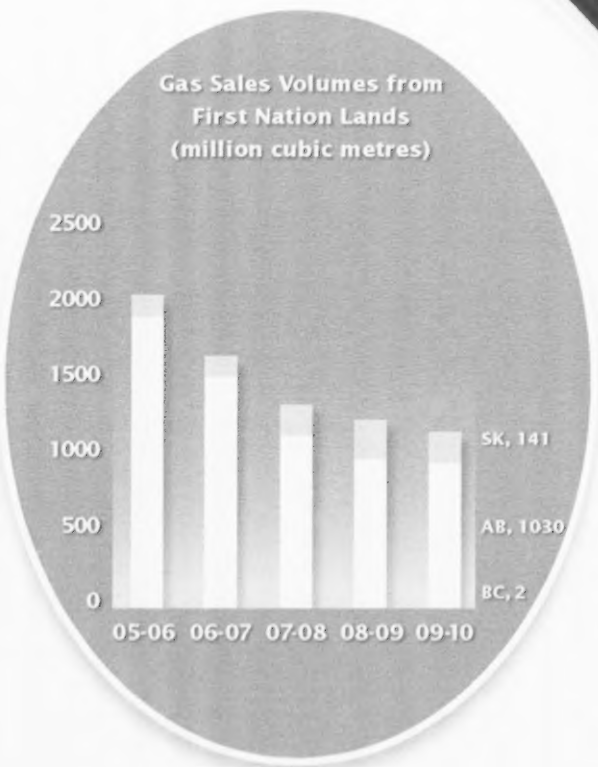
Gas

Gas production occurred on 58 Indian reserves during fiscal year 2009-2010, with five First Nations each reaching gas production levels of over 100 million cubic metres from their lands. The gas production from these five First Nations comprised almost two thirds of the total gas production.

Fiscal year 2009-2010 is the fifth year in a row in which the volume of gas production from First Nation lands decreased, and follows an overall decade-long trend of decreasing gas production. There has not been enough production from new wells to offset the natural decline of production from existing gas wells. In the Western Canadian Sedimentary Basin, most gas wells brought on production nowadays are producing from either smaller pools or "unconventional" sources such as coal beds and shale deposits, as the large conventional gas pools have generally already been discovered and developed.

With few gas wells drilled over the last two years on First Nation lands and low gas prices expected to continue for some time, we anticipate that overall First Nation gas production during the next several years will continue to decline.





Offset Production

IOGC monitors drilling and production around First Nation reserve lands to address potential drainage issues. During fiscal year 2009-2010, we issued two drainage notices to on-reserve lessees, in consultation with the First Nation, to provide development plans with a deadline for submission in the first quarter of fiscal year 2010-2011. Generally, the lessee must commit to develop the lands or pay a compensatory royalty to the First Nation for the production of its oil and gas that may be occurring. Otherwise, the lessee must surrender its lease of the lands so that the lands are available to other companies that may be interested.

More about drainage

In the oil and gas industry, drainage is the term used to indicate where a well producing on the land of one owner may possibly be producing oil and gas from underneath adjacent lands. Drainage can occur because oil and gas resources beneath the surface are held in "pools" that can extend under the lands of more than one owner. Drainage of oil and gas resources can only be confirmed by drilling a well to see if the pool in fact extends underneath adjacent land. Otherwise, the likelihood of a drainage situation can be estimated by interpreting geological information and well test data and by mapping the interpreted pool boundaries. Where there is a potential drainage situation involving First Nation lands, IOGC either issues a drainage notice to the on-reserve lessee or, if the First Nation lands are not leased, we proactively promote the lands for disposition of the oil and gas rights through subsurface agreements. In all instances, we inform and consult with the First Nation before taking action.

Review of Provincial Notices

IOGC reviews provincial notices for proposed activities that may affect First Nation reserve land or the production of oil and gas resources on or adjacent to First Nation lands. The common types of provincial notices that IOGC reviews are: holding applications; applications for special spacing units; commingling applications; and applications for off-target wells.

In fiscal year 2009-2010, we reviewed four notices of applications for holdings that could affect First Nation lands. In two instances, we had no objections to the applications. In the other two instances, we objected to the applications and they were subsequently revised to address our concerns.

More about holdings

Holdings are entities in Alberta that allow the use of existing wells to produce from a new zone where the wells would otherwise be considered off-target for the new zone. A holding requires the pooling of the subsurface oil or gas rights in an area where there are multiple lessees and/or lessors. The proponent operator must make notification of its intention to apply for a holding to the surface and subsurface owners of the land within the application area and also within one spacing unit of the application area. If there are objections, the application is usually modified to address the concerns. The proponent operator must submit its application for the holding to the Energy Resources Conservation Board (ERCB) in Alberta. Since the Alberta Department of Energy recognizes spacing units only and does not recognize holdings, Alberta Crown lands cannot be included in holdings that would have more than one lessor.

Royalties

IOGC is responsible for collecting royalty moneys generated by the production and sale of oil and gas resources from First Nation lands. During fiscal year 2009-2010, IOGC collected $103.5 million in royalties on behalf of First Nations, of which $63.6 million were from oil and $39.9 million were from gas. The 61:39 ratio of oil to gas royalties is the opposite of previous years, when the majority of First Nation royalties were from gas. For instance, in fiscal year 2005-06, almost 90 percent of total royalties were derived from gas while only about 10 percent were from oil.

The amount of royalties collected during fiscal year 2009-2010 is slightly less than half that collected the previous fiscal year. The large drop in royalties is a result of a combination of factors, including: a decrease in oil prices from historical highs seen the previous fiscal year to a more typical range; sustained low gas prices; and the global economic recession. The low gas prices are largely a result of the advent of economic technologies to produce the vast deposits of shale gas, which has resulted in more supply. In addition, the economic downturn has resulted in lower gas demand in both the United States and Canada. Thus, gas prices are generally predicted to stay at low levels for the next few years at least.

Royalty Administration

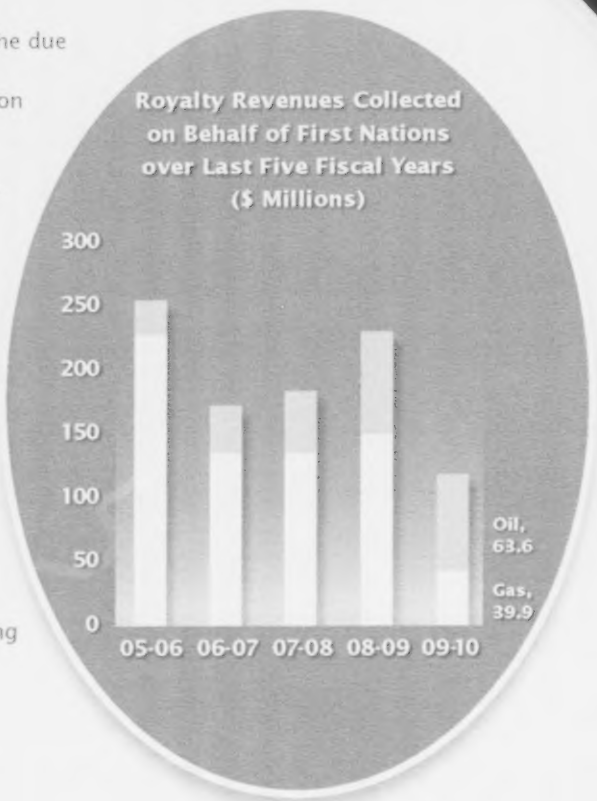
The collection of accurate royalties by IOGC is a large and complex job. We currently administer about 3,500 active royalty entities, of which about 2,500 are for gas and 1,000 for oil. Every month, royalties are collected for each royalty entity which had production.

The initial submission of royalties must be received by the due date, which is generally the 25th of the month following production, and is based on the royalty payor's calculation of the royalty amount owing.

After the initial collection of royalties, IOGC determines the amount of royalty that was actually owed and collects/refunds any differences. The verification of royalties includes assessments (calculations) of the amount owed for each royalty entity on a monthly basis, reconciliations of the amount paid in comparison to the amount calculated by IOGC, and audits of oil and gas companies. Assessments can take place a number of times, especially in the calculation of gas royalties, where some of the input parameters are initially estimated because they are not known until some time after the royalty due date.

For calendar year 2009, 97% of the initial submissions had been received from royalty payors with 3% outstanding as of March 31, 2010.

During fiscal year 2009-2010, IOGC set up 36 new gas royalty entities and 253 new oil royalty entities.



How are royalties calculated?

Royalties are calculated based on the applicable royalty structure as specified in the relevant subsurface oil and gas lease. The royalty structure, or rule set, utilizes various input parameters, the main ones of which are the production volume and commodity price. Additionally, for gas there is often a legitimate deduction of costs that companies incur in producing the gas and getting it to market, called gas cost allowance. As well, some royalty structures are based on those of provincial Crown and, especially in Alberta, there are often other parameters and factors to be included in the calculation of the royalty amount. IOGC routinely collects almost 140 different assessment factors that are input into our Resource Information Management System (RIMS) and used in the calculation of royalties.

We administer more than two hundred different royalty structures, each of which requires its own set of inputs. Each royalty entity that we administer is associated with a royalty structure that is used to calculate the amount of royalty due under the royalty entity. Royalties are calculated on a monthly basis.

What is a royalty entity?

A royalty entity is a combination of a production entity (usually a well) and a royalty payor and is used to track royalties. Where more than one company pays royalties for a First Nation on the same well, there will be one royalty entity for each company and multiple royalty entities associated with the well.

Revenue Forecasting

Most First Nations earning royalties and other moneys from their oil and gas resources like to have an estimate of future oil and gas revenues to help with their planning and budgeting. As such, IOGC prepares revenue forecasts for these First Nations. During fiscal year 2009-2010, IOGC prepared 47 revenue forecasts.

Several presentations and discussions of the details and implications of the revenue forecasts were held with individual First Nations during the fiscal year.

Several presentations and discussions of the details and implications of the revenue forecasts were held with individual First Nations during the fiscal year. These forecasts and discussions were very important since many First Nations have significantly reduced royalty receipts from previous years.

Prices

Oil

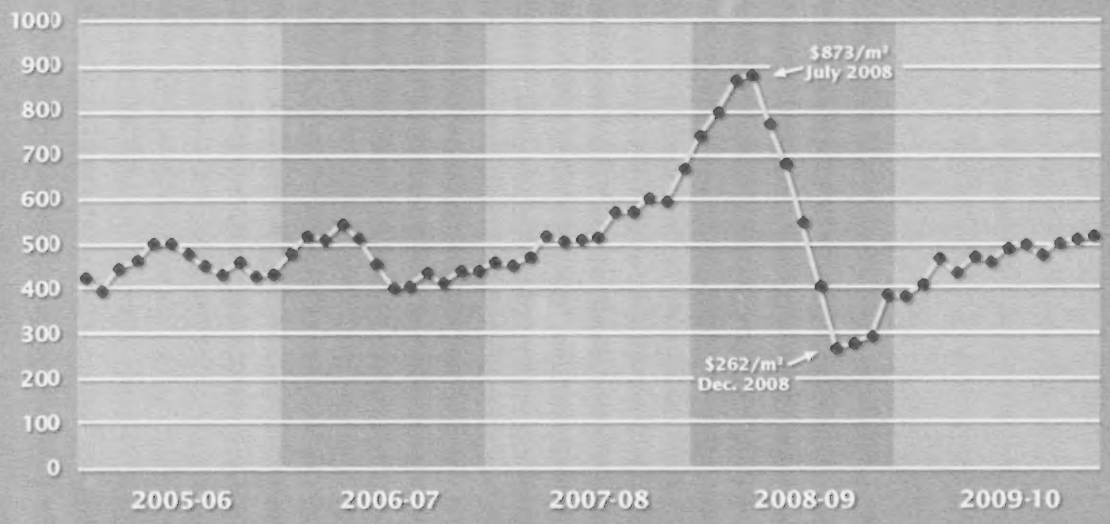
During fiscal year 2009-2010, oil prices returned to a more normal level compared to the high and low spikes seen the previous year. The fiscal year began with the Edmonton reference price climbing from about $380/m^3$ and rose to end the year at over $510/m^3$. The relative stability and strength of oil prices mean that industry is continuing to invest in development of oil resources.

Gas

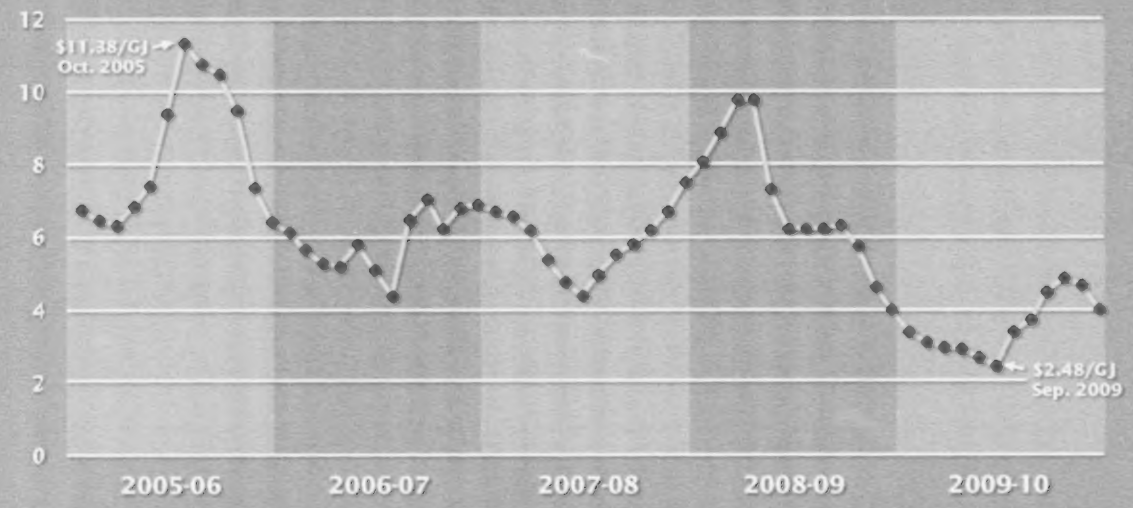
The gas prices during fiscal year 2009-2010 were at low levels not seen for many years. For the first time since fiscal year 2002-2003, the Alberta Reference Price dropped below $3/gigajoule, and over the year it averaged only $3.6/gigajoule, while the preceding year it had averaged almost double that at $7.0/gigajoule. Consequences of these low gas prices are that industry has curtailed investment in the development of gas resources.

The low gas prices are largely a result of the advent of better technology that enables companies to economically produce huge deposits of shale gas that previously were uneconomic. These additional resources have increased the available gas supply, but demand for gas has not kept pace and thus there is a gas surplus that is keeping prices low. The low prices are generally predicted to continue for at least the next few years. First Nations that receive all or the majority of their royalties from gas resources will generally continue to experience lower royalty levels compared to previous years.

Monthly Oil Prices over Last Five Fiscal Years
(Edmonton Reference Price $CDN/m³)



Monthly Gas Prices over Last Five Fiscal Years
(Alberta Reference Price $CDN/gigajoule)



Human Resources at IOGC

At IOGC, we fully recognize that our people make our organization what it is. We are proud of our diverse workforce and the synergy that can result when differing viewpoints, skill sets and experiences are brought together. Our employees are professionals in their areas and bring their best to the achievement of our organization's mandate and vision.

Ongoing Learning

We make the training and development of our staff a priority. Each employee has a personal learning plan; corporate training needs are addressed on an ongoing basis; and a tuition reimbursement program is available to staff pursuing professional development outside of work hours.

During fiscal year 2009-2010, we provided corporate training in the areas of values and ethics; harassment awareness and prevention; change management; and occupational safety and health. IOGC also provided lunch & learn sessions focused on workplace well-being and French language training is provided on an ongoing basis. Additionally, we supported the delivery of presentations by Aboriginal speakers in order to further enhance our staff's level of cross-cultural awareness.

Demographics

As an agency within the federal public service, IOGC strives to achieve a representative workforce. The four groups designated in the Employment Equity Act include women, Aboriginals, persons with disabilities, and visible minorities. At fiscal year end, IOGC's staff was comprised of 64 per cent women, 45 per cent Aboriginal, 5 per cent persons with disabilities and 13 per cent visible minorities. IOGC exceeded the labour market availability percentages for each of these groups. As a service provider to First Nations, IOGC aims to have 50 per cent of external competitions filled by Aboriginal candidates.

At fiscal year end, IOGC had 83 staff, of which 76 were indeterminate and seven were in term positions.

Succession Planning

During the last two years, seven very experienced staff members retired from IOGC. With more than 25% of our staff eligible to retire, we expect that many more will depart over the next several years.

We are proactively addressing the situation by looking at succession planning on an organization-wide and on a position-specific basis. Staff can access the job descriptions for all IOGC positions and are able to see the qualifications required. As well, all job descriptions are regularly updated through our evergreening process. During fiscal year 2009-2010, we also identified those positions that likely will be vacated within two years and developed succession plans with managers as appropriate.

Recruitment

It can be challenging when IOGC recruits staff, especially for positions similar to those found in the oil and gas industry. To address this challenge, we strive to be an employer of choice. With our Separate Employer status, we are able to develop our own human resources plan that addresses our needs while

respecting the priorities of Indian and Northern Affairs Canada and those of the public service as a whole. All positions at IOGC are eligible for performance pay and we make our overall compensation package as competitive as possible in order to attract and retain highly qualified staff.

During fiscal year 2009-2010 our staffing activities resulted in 24 positions being filled.

Work-life Balance

At IOGC, we actively promote work-life balance. We utilize compressed work weeks, flexible hours of work, telework and other measures as appropriate. Our Pride and Recognition program is used to reward employee achievements and recognize staff with long term service. Additionally, we support social activities so that IOGC is an enjoyable place to work.

Financial Operations 2009-2010			
Funding – O&M, Contributions & Transfers			**12,252,045**
O&M			
Salaries		6,308,539	
Expenses			
IOGC Board	4,364		
Inventory Management	4,429		
Negotiations Disposition/Amendment	25,178		
Agreement Management	30,055		
Compliance	871,616		
Policy Management	0		
Informatics	157,882		
Corporate Management	576,697		
Environment	88,365		
Royalty	332,987		
Litigation	0		
Direct Operations Support	544,497		
IOGA Implementation	305,192		
FNOGMMA Implementation	14,789		
Treaty Land Entitlement	147,012		
Total Expenses		3,103,063	
Contributions			
IRC – Partnership	600,000		
– IOGC Board	80,000		
First Nations Oil and Gas Management Initiative	671,779		
Total Contributions		1,351,779	
Transfers			
Salaries	247,000		
O&M	916,420		
Contributions	236,221		
Total Transfers		1,399,641	
TOTAL O&M, CONTRIBUTIONS & TRANSFERS			**12,163,022**
SURPLUS/DEFICIT			**89,023**
Revenues Collected on Behalf of First Nations			
Royalties		103,489,520	
Bonus		1,563,211	
Compensation and Rentals		11,788,919	
Treaty Land Entitlement 5.08		9,163,670	
TOTAL REVENUES COLLECTED ON BEHALF OF FIRST NATIONS			**126,005,320**

IOGC's mandate

To fulfill the Crown's fiduciary and statutory obligations related to the management of oil and gas resources on First Nations lands.

To further First Nation initiatives to manage and control their oil and gas resources (i.e. governance).

Indian Oil and Gas Canada
Suite 100, 9911 Chiila Boulevard, Tsuu T'ina, AB T2W 6H6
Tel: 403-292-5625 Fax: 403-292-5618 **www.iogc-pgic.gc.ca**